

Message Text

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PAGE 01 STATE 191060

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R 301642Z AUG 74

FM SECSTATE WASHDC

TO AMCONSUL FRANKFURT

AMEMBASSY LONDON

AMEMBASSY BONN AIR POUCH

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EXCON

E.O. 11652: N/A

TAGS: ESTC, GW, UK

SUBJECT: HALBLEITER SPEZIALVERTRIEB CARROLL & CO., G.M.

B.H., FRANKFURT; OEA/CD INVESTIGATIONS CASE 11(74)-29.

1. BACKGROUND FOR LONDON

BIC'S EXPORT INFORMATION DIVISION REQUESTED ROUTINE P/L CHECK ON FOUR LICENSE APPLICATIONS SUBMITTED BY SEMICONDUCTOR SPECIALISTS, INC., ELMHURST, ILLINOIS TO SHIP DIODES, INTEGRATED CIRCUITS ETC., VALUE \$300,000., TO SUBJECT FIRM. FRANKFURT CONGEN SUBMITTED WTDR WHICH INDICATED, INTER ALIA, FIRM ESTABLISHED 1970 AS WHOLLY-OWNED SUBSIDIARY US FIRM. ON THAT BASIS FAVORABLE WTDR 4 LICENSES ISSUED. REFERENCED A-160, RECEIVED COMMERCE AFTER LICENSES ISSUANCE, DISCLOSED THAT SALES ENGINEER PETER BESTIAN, (SINCE APPOINTED MANAGER) FRANKFURT FIRM WOEFULLY DEFICIENT KNOWLEDGE EXCON REGULATIONS. CONGEN CONDUCTED BRIEF REVIEW FIRM'S ACCOUNTS AND DISCOVERED PREVIOUS SALES MADE TO NUMEROUS FRG FIRMS, INCLUDING TWO ON EXCON DENIAL LIST

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PAGE 02 STATE 191060

CARAMENT AND APEXA. CONGEN RECOMMENDED LICENSES NOT BE ISSUED.

2. OEA/CD ON AUG 28 TELEPHONICALLY DISCUSSED MATTER WITH US FIRM'S INTERNATIONAL MAKETING MANAGER (JOE O'SNEILL) AND EXPORT MANGAER (CHARLES BONNEY). THEY WERE TOLD IN VIEW APPARENT DISREGARD EXCON PROCEDURES, WHETHER INTENTIONAL OR DUE IGNORANCE REGULATIONS, TO HOLD UNTIL FURTHER NOTICE SHIPMENT AGAINST THE FOUR LICENSES.

3. O'NEILL PHONED AUG 29 STATING HE ISTRUCTING MANAGERN (DAVID CARTER) EUROPEAN OFFICE, (SEMICONDUCTOR SPECIALISTS, UK, LTD, PREMIER HOUSE, FAIRFIELD ROAD, YIEWSLEY, WEST DRAYTON, MIDDLESEX) PROCEED TO FRANKFURT IN ORDER TO PROVIDE GUIDANCE TO BESTIAN. O'NEILL SAID HE HAD REVIEWED FRANKFURT'S AND LONDON'S OFFICES CUSTOMER LISTS AGAINST OEA DENIAL LIST AND FOUND ONLY APEXA AND CARAMANT. HE INQUIRED WHEN WE WOULD PERMIT SHIPMENT OF ORDERS HE NOW HOLDING; INFORMED HIM AS SOON AS CONGEN AND EMBASSY CLARIFIED CERTAIN POINTS RE WHICH MESSAGES WERE BEING DISPATCHED.

4. O'NEILL, CARTER AND BESTIAN RELATIVELY NEW IN PRESENT POSITIONS AND DURING TELECONS WITH O'NEILL WE INFERRED THAT NONE OF THEM PARTICULARLY CONVERSANT WITH EXCON REGULATIONS AND PROCEDURES.

5. AN OEA/CD INVESTIGATOR IN CHICAGO AREA NEST WEEK ON UNRELATED MATTERS WILL MAKE UNANNOUNCED VISIT TO FIRM AND REVIEW PAST TRANSACTIONS TO DETERMINE EXTENT OR NONCOMPLIANCE WITH EXPORT REGULATIONS. OUR INITIAL IMPRESSION IS THAT PAST DERELICTIONS DUE TO IGNORANCE OF LAW.

6. ACTION REQUESTED

FRANKFURT:

CONGEN RECONTACT BESTIAN AND DETERMINE WHETHER HE NOW SUFFICIENTLY KNOWLEDGEABLE EXCON REGULATIONS TO PERMIT FIRM'S RECEIPT ADDITIONAL COMMODITIES. UNDERTAKE FURTHER REVIEW SALES RECORDS LAST 12 MONTHS REGARDS OTHER TRANSACTIONS WITH DENIED FIRMS OR REEXPORTS FROM FEDREP. AFTER RENEWED CONTACT WITH BESTIAN, PLEASE REASSESS FIRM'S RELIABILITY REGARDING LAWFUL DISPOSAL OF COMMODITEIS AWAITING SHIPMENT FROM US CABLE ADVIS REQUESTED.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 191060

LONDON:

PARENT FIRM RECEIVED FOUR EXPORT LICENSES, TOTAL VALUE OF GOODS \$1, 200,000., ON JULY 30, 1974 FOR ITS UK SUBSIDIARY. REQUEST EMBASSY VISIT FIRM AND DETERMINE WHETHER IT LACKING EXCON KNOWLEDGE AND WHETHER SALES WITHIN PAST MONTHS MADE TO DENIED FIRMS OR EREEXPORTED FROM UK.

7. IF POSTS FIND REQUESTS FOR REVIEW OF SALES RECORDS TO BURDENSOME,

DUE TO VOLUME, FIRMS W SHOULD BE ASKED TO PROVIDE COMPLETE REPEAT
COMPLETE LISTS OF ALL THEIR CUSTOMERS TO WHO SALES WERE MADE
WITHIN PAST TWO YEARS FOR EARLIEST TRANSMITTAL TO OEA/CD.
KISSINGER

NOTE BY OC/T: POUCHED TO BONN.

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Disposition Event:
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